

THE DLO GAZETTE

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In re: Bilski:
Clarification of the
35 U.S.C. 101
Patentable Subject Matter
Standard by the Court of
Appeals for the Federal Circuit
The US Court of Appeals for the
Federal Circuit ("CAFC") has gone
and done it now. As of 30 October
2008, they have finally given
some guidance on business
method and software patent
claims, and it's about time they
did, too.

An *en banc* panel of the Federal
Circuit on 30 October 2008
clarified the standards applicable
in determining whether a claimed
method constitutes a statutory
"process" under 35 USC § 101.
This is a long-awaited
clarification, and is welcomed by
at least my part of the patent
community.

The seminal US Supreme Court
case for the patentability of
business methods is *State Street*

*Bank v. Signature Financial
Group*. That's where we start.

State Street Bank held that
business methods were
patentable, even though they may
not deal with transforming
physical objects. The *State Street*
standard was that a process must
produce a "useful, concrete and
tangible result." The CAFC has, in
Bilski, decided that this test is
actually insufficient for the
determination of whether
business method claims are
patentable.

The US Supreme Court has held
that "...the meaning of "process"
as used in § 101 is narrower than
its ordinary meaning. ...
Specifically, the Court has held
that a claim is not a patent-
eligible "process" if it claims "laws
of nature, natural phenomena,
[or] abstract ideas." They have
also held, however, that "while a
claim drawn to a fundamental
principle is unpatentable, "an

application of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection." The Court thus distinguished between claims that "seek to preempt the use of" a fundamental principle, on the one hand, and claims that seek only to foreclose others from using a particular "application" of that fundamental principle, on the other.

The question before the CAFC in *Bilski* causes the judges to ask just how one is supposed to determine whether a given claim would preempt all uses of a particular principle. As it turns out, the US Supreme Court has provided a test: "A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." The court believed that "A claimed process involving a fundamental principle that uses a particular machine or apparatus would not preempt uses of the principle that do not also use the specified machine or apparatus in the manner claimed. And a claimed process that transforms a particular article to a specified different state or thing by applying a fundamental principle would not preempt the use of the principle to transform any other article, to transform the same article but in a manner not

covered by the claim, or to do anything other than transform the specified article." The CAFC "reaffirm[s] that the machine-or-transformation test, properly applied, is the governing test for determining patent eligibility of a process under § 101. Note, though, that whether a claimed process is novel or non-obvious is irrelevant to the § 101 analysis. These considerations are governed by §§ 102 and 103 and present different hurdles for the claims to overcome.

Another test for 101 patentability, the Freeman-Walter-Abele test "... in its final form, had two steps: (1) determining whether the claim recites an "algorithm" within the meaning of *Benson*, then (2) determining whether that algorithm is "applied in any manner to physical elements or process steps." The CAFC in *Bilski* concludes that the Freeman-Walter-Abele test is "...inadequate. Indeed, we have already recognized that a claim failing that test may nonetheless be patent-eligible." Rather, they hold that the machine-or-transformation test is the applicable test for patent-eligible subject matter.

The CAFC also revisits the "useful, concrete, and tangible result" language associated with *State Street*. The Supreme Court

explains that "certain types of mathematical subject matter, standing alone, represent nothing more than abstract ideas until reduced to some type of practical application." They hold that while looking for "a useful, concrete and tangible result" may in many instances provide useful indications of whether a claim is drawn to a fundamental principle or a practical application of such a principle, that inquiry is insufficient to determine whether a claim is patent-eligible under § 101.

Bilski has a concurrence and several dissents written by the judges of the CAFC. I will look at those in a later publication.

USPTO Holding Annual Trademark Showcase

The US Patent & Trademark Office holds an annual trademark Expo at its offices in Arlington, VA to be held in early May, 2009.

The information for signing up for this annual event is now to be found on the USPTO's website at www.uspto.gov.

Library System

My local library, the Schenectady County Public Library in Schenectady, NY, has a whizbang techno-geek system in place. They

have downloadable books, CDs, movies and other A-V materials that are downloaded by the borrower through a wireless interface and the downloaded copy and all copies made from that downloaded copy expire after x number of days, x being defined by a license between the library and the distributor of the materials (a subscription-based service for libraries).

This system seems to me to be a fine, practical answer to the thorny copyright mess that the GOOGLE library project engenders. The public has access to the materials as we do to any hard-copy library materials, which promotes the free dissemination of information and ideas; this whole system is licensed, so the authors get paid a royalty; and the file, which is conveniently located on the borrower's computer or MP3 player, self-destructs after a finite period of time, "disappearing in a puff of logic" and leaving no permanent footprint of its ever having existed. Any copies made of the file, onto an MP3 player or even a CD or DVD, for example, disappear at the same time as the original file.